

# Measuring Accurate Customer Value

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- from the bottom up

## Agenda

**1. Introducing profitability measurement**

**2. Business uses of profitability measurement**

Acknowledgements for this material to NCR Canada Ltd.

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# Profitability and New Strategies

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## The Pain Points:

- ◆ Risk management
- ◆ Branch rationalization

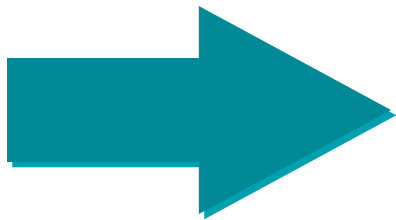
## CRM initiatives:

- ◆ Pricing
- ◆ Retention
- ◆ Acquisition

# Bottom Line Impact

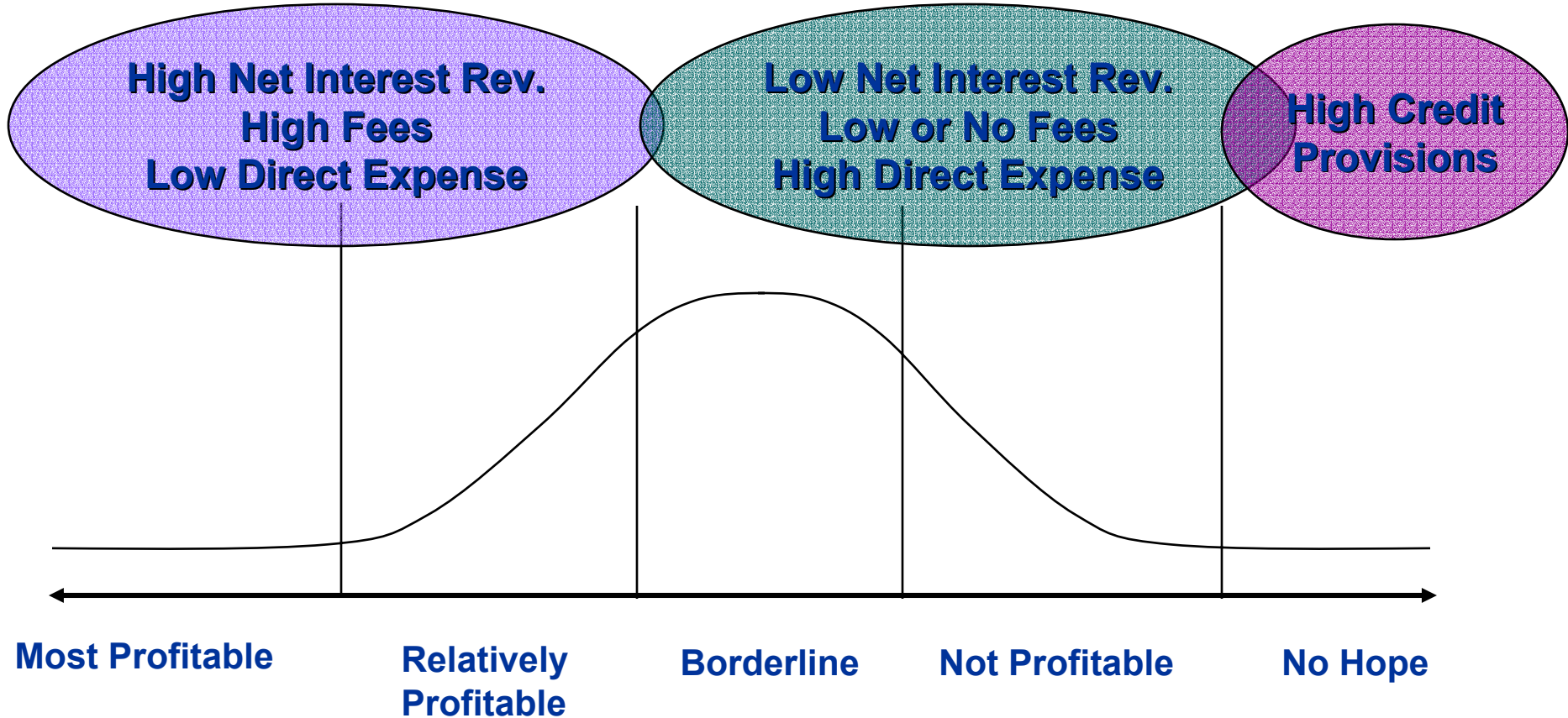
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- ◆ High costs associated with:
  - Customer churn and customer acquisition
  - Reactive marketing of products
  - Maintenance of inefficient channels
  - Credit write-offs
  - Merging and acquiring new businesses
  - **Leading to erosion of market share**



**Improved information on cost and  
revenue drivers of the business  
= *Profitability Measurement***

# Customers



- ◆ Retention
- ◆ Direct Marketing

- ◆ Acquisition
- ◆ Wallet Share

# Business Uses of Profitability

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## ◆ Marketing

- attract, retain and maintain profitable relationships
- campaigns and customers effective targeting

## ◆ Distribution

- channel value, usage and optimization
- customer servicing and relationship management

## ◆ Finance/Actuarial

- pricing/revenue mix, cost management
- treasury and actuarial management

## ◆ Product Management

- product pricing and competitive positioning of products
- cost containment and budgeting

## ◆ Risk Management

- risk provisioning and customer centric exposure management